MINISTRY OF TOURISM, PARKS, CULTURE AND SPORT

COMMERCIAL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2009

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Commercial Revolving Fund as at March 31, 2009 and the statements of operations and accumulated surplus, and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 23, 2009

Fred Wendel, CMA, CA
Provincial Auditor

COMMERCIAL REVOLVING FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2009	2008
Financial Assets:		
Accounts receivable (Note 8)	$ 994,390	$ 877,689
Due from General Revenue Fund	1,260,187	1,955,495
Inventories for resale	208,375	237,043
TOTAL FINANCIAL ASSETS	2,462,952	3,070,227
Liabilities:		
Accounts payable and accrued liabilities	1,291,651	1,000,982
Unearned revenue	584,339	231,633
Accumulated net expenditure (Statement 3)	1,057,290	2,252,193
TOTAL LIABILITIES	2,933,280	3,484,808
Net Debt	(470,328)	(414,581)
Non-Financial Assets:		
Prepaid expenses	11,833	4,773
Inventories held for consumption	947,623	822,054
TOTAL NON-FINANCIAL ASSETS	959,456	826,827
Accumulated surplus (Statement 2 and Note 4)	**$ 489,128**	**$ 412,246**

see accompanying notes to the financial statements

COMMERCIAL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31

	2009 Budget (Note 7)	2009 Actual	2008 Actual
Revenues:			
Camping	$ 4,000,000	$ 5,446,604	$ 4,743,662
Cottage leases	1,900,000	1,992,619	1,933,257
Park entry	1,500,000	2,061,428	1,899,444
Resource management leases	750,000	847,552	775,289
Commercial leases	500,000	546,311	503,199
Swimming and accommodation	400,000	409,246	375,381
Campfire permit fees	—	—	374,151
Facility rental income	140,000	132,689	159,594
Interest revenue	—	119,020	118,981
Other	200,000	300,264	347,733
	9,390,000	11,855,733	11,230,691
Expenses:			
Salaries and benefits	12,060,000	12,754,416	11,902,473
Contractual services	2,200,000	3,184,913	2,722,418
Supplies and services	2,065,000	2,283,991	2,346,669
Travel and business	1,500,000	1,246,784	1,251,608
Communication	300,000	236,246	212,580
Equipment	200,000	—	—
Bad debt	—	149,834	48,535
Bank charges	100,000	114,852	89,370
Other	—	12,815	29,641
	18,425,000	19,983,851	18,603,294
Loss from operations	(9,035,000)	(8,128,118)	(7,372,603)
Subsidy from General Revenue Fund	9,035,000	8,205,000	7,477,000
Annual Surplus (Note 9)	$ —	76,882	104,397
Accumulated surplus, beginning of year		412,246	307,849
Accumulated surplus, end of year (Statement 1)		**$ 489,128**	**$ 412,246**

see accompanying notes to the financial statements

COMMERCIAL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	2009	2008
Financing required for operating activities:		
Annual Surplus	$ 76,882	$ 104,397
Net increase (decrease) in working capital items related to operations (Note 5)	1,118,021	(935,014)
Net financir.g required for (used in) operating activities	1,194,903	(830,617)
Net increase (decrease) in financing requirement	1,194,903	(830,617)
Accumulated net expenditure, beginning of year	(2,252,193)	(1,421,576)
Accumulated net expenditure, end of year (Statement 1)	**$ (1,057,290)**	**$ (2,252,193)**

see accompanying notes to the financial statements

COMMERCIAL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009

1. Authority and Definition of Reporting Entity

The Commercial Revolving Fund (Revolving Fund) operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activities required for the promotion, development, and management of provincial parks.

Pursuant to Order in Council 900/07, the Ministry of Tourism, Parks, Culture and Sport (TPCS) is responsible for the Revolving Fund effective November 21, 2007.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally Accepted Accounting Principles (GAAP) as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. PSAB classifies the fund as an other government organization. These financial statements do not present a cash flow statement or statement of change in net debt because the required information is readily apparent from the Statement of Changes in Accumulated Net Expenditure (Recovery) and Note 5. The following accounting policies are considered significant.

a) Accounts Receivable

Accounts Receivable consists of receivables for oil, gas, cottage and commercial leases net of Allowance for Doubtful Accounts.

b) Inventories

Resale inventory consists of maps, wildlife manuals, pins, and other miscellaneous items that are valued at the lower of average cost and net realizable value.

c) Unearned revenue

Unearned revenue consists of deposits on reservations and mineral leases made in advance.

d) Accumulated Net (Expenditure) Recovery

The accumulated net (expenditure) recovery of the Revolving Fund includes the net (increase) decrease in financing requirements for each fiscal year.

e) Revenue Recognition

Revenues, other than lease revenues, are recognized when permits are issued and/or services are provided. Lease revenues are recognized when lease payments are due.

f) Subsidy from General Revenue Fund

The subsidy from the General Revenue Fund is recognized when received or receivable.

g) Non-Financial Assets

Inventory held for consumption is recorded at cost and is expended as they are consumed.

h) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net working capital changes and net cash flows from operations.

i) Estimates

These statements are prepared in conformity with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Authorized Financing

Section 18(10) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure, which may be outstanding at any time, will be set by order of the Lieutenant Governor in Council. A maximum amount of $4,000,000 was established by Order in Council 516/94.

4. Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus (deficit) for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or request for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus (deficit) as $350,000.

5. Net Change in Working Capital Items Related to Operations

	2009	2008
Increase in accounts receivable & prepaid expenses	$ (123,761)	$ (314,234)
Decrease (Increase) in due from General Revenue Fund	695,308	(357,495)
Increase in inventories	(96,901)	(3,871)
Increase (decrease) in accounts payable & unearned revenue	643,375	(259,414)
Net increase in working capital items related to operations	$ 1,118,021	$ (935,014)

6. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and settled on normal trade terms. These transactions at year end are as follows:

Category	2009	2008
Expenses:		
Contractual services	$ 1,173,501	$ 1,203,010
Travel and business	890,613	902,403
Supplies and services	49,758	30,689
Due from General Revenue Fund	1,260,187	1,955,494
Accounts payable and accrued liabilities	87,859	59,719

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Ministry of Tourism, Parks, Culture and Sport is responsible for the acquisition of land for provincial parks. Therefore, land is not reflected in these financial statements. However, in accordance with *The Natural Resources Act* the Revolving Fund is credited with all rents and fees with respect to land.

In accordance with established Government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by the ministerial appropriations and therefore no provision for such costs is reflected in these financial statements.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

7. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

8. Financial Instrument Risks

The Revolving Fund is exposed to credit risk from the potential non-payment of accounts receivable. An allowance for doubtful accounts is recorded for these accounts that are considered uncollectible. The Revolving Fund has recorded an allowance for doubtful accounts of $ 696,885 (2008 - $549,778). The Revolving Fund has no significant liquidity risk or interest rate risk.

9. Amount Reported in Public Accounts

The net expense of the Revolving Fund reported in the Public Accounts is the net loss of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2009	2008
Annual Surplus	$ 76,882	$ 104,397
Increase in inventories	(96,901)	(3,871)
Amounts not included in Public Accounts due to timing differences	---	(96,816)
Net (expense) recovery reported in Public Accounts	$ (20,019)	$ 3,710

10. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's financial statement presentation.